

Message Text

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E. O. 11652: GDS

TAGS: EFIN, PFOR, AR

SUBJECT: FOREIGN MINISTER ASKS U.S. SUPPORT IN OBTAINING LOANS

1. SUMMTNED TO THE FOREIGN MINISTRY BY A TELEPHONE CALL RECEIVED AT 10:50 A.M. ON SATURDAY, JULY 12, 1975, I SAW FOREIGN MINISTER VIGNES ONE HOUR LATER, ACCCOMPANIED BY DCM MONTLLOR, FOR 50 MINUTES.

2. AFTER GIVING ME A HEARTY WELCOME AND WARM "ABRAZO", VIGNES, WHO LOOKED FRESH AND ENERGETIC DESPITE A HECTIC WEEK, EXPLAINED HE WANTED TO CHAT WITH ME ABOUT THE ARGENTINE GOVERNMENT THAT HAD EMERGED FROM A PERIOD OF CRISIS. GETTING QUICKLY TO THE POINT, VIGNES SAID ARGENTINA WAS IN URGENT NEED OF FOREIGN FINANCIAL ASSISTANCE AND HE HOPED THE USG WOULD LEND ITS POLITICAL SUPPORT TO ENABLE ARGENTINA TO CONCLUDE ITS CURRENT NEGOTIATIONS WITH US PRIVATE BANKS. HE SAID THAT A GROUP OF JAPANESE BANKS HAD ALREADY AGREED TO LEND 150 MILLION DOLLARS WITH THE POLITICAL BLESSING OF THE JAPANESE MINISTER OF ECONOMY.

3. VIGNES ASSERTED MORE THAN ONCE THAT IT WAS THE FIRM DECISION OF PRESIDENT MARIA ESTELA MARTINEZ DE PERON NOT TO ALTER HER GOVERNMENT'S FOREIGN POLICY WHICH INCLUDES THE MAINTENANCE OF CORDIAL RELATIONS WITH THE UNITED STATES. HE CITED HIS CONTINUATION IN THE CABINET AS PROOF OF HER INTENTION. HE LIKEWISE EMPHASIZED REPEATEDLY THAT MRS. PERON WOULD CONTINUE TO FOLLOW THE AUSTERE ECONOMIC POLICIES ENUNCIATED RECENTLY BY MINISTER

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OF ECONOMY RODRIGO, AND THAT HIS DELIBERATE RETENTION IN THE

CABINET IN SPITE OF HEAVY PRESSURES WAS EVIDENCE OF THE PRESIDENT'S DETERMINATION IN THIS RESPECT.

4. I TOLD THE MINISTER THAT I WAS IN THE UNITED STATES AT THE TIME THAT MINISTER RODRIGO'S SPEECH WAS REPORTED IN THE PRESS THERE, AND I COULD ASSURE THE MINISTER THAT IT HAD CAUGHT THE EYE OF AMERICAN BUSINESSMEN. I WAS INTERESTED TO HEAR MINISTER VIGNES TELL ME THAT THE RODRIGO ECONOMIC POLICIES WOULD CONTINUE.

5. I INQUIRES AS TO WHAT WAS THE TOTAL THAT THE GOA HAD FOR ITS GOAL OF US-ORIGIN FINANCING AND WHETHER THE RECENT ANNOUNCEMENT THAT THE GOA HAD SIGNED A LETTER OF INTENT WITH THE FIRST NATIONAL CITY BANK FOR 250 MILLION DOLLARS MODIFIED THAT TOTAL. VIGNES RESPONDED QUICKLY THAT THE FNCB LETTER OF INTENT COVERED SPECIFIC PROJECTS AND WAS NOT INCLUDED IN THE 600 MILLION THAT THE GOA WAS HOPING TO GET IN THE USA. THIS LATTER FIGURE WAS NOT GOING TO BE APPLIED TO ANY BUDGETARY DEFICITS, SUCH AS PAYMENT OF GOVERNMENT SALARIES. ARGENTINA WANTED THE NEW CREDITS TO ALLOW IT TO PAY OFF THE FOREIGN DEBTS THAT ARE FALLING DUE THIS YEAR, IN ORDER TO MAINTAIN ITS CREDIT RATING OF ALWAYS MEETING ITS FOREIGN OBLIGATIONS ON TIME.

6. VIGNES STRESSED THAT THE SECRETARY HAD GIVEN ASSURANCES THAT THE USG WOULD GIVE THE GOA ITS MORAL SUPPORT FOR THE LOANS. I SAID I UNDERSTOOD THAT THE CHASE MANHATTAN BANK WAS THE ONE THE SECRETARY WOULD CONTACT. VIGNES CONFIRMED THAT ORFILA HAD BEEN DEALING WITH CHASE MANHATTAN, AND THAT NEWLY APPOINTED AMBASSADOR VAZQUEZ WOULD SOON BE CALLONG ON DAVID ROCKEFELLER TO CONTINUE THE NEGOTIATIONS.

7. VIGNES EMPHASIZED THE NEED FOR A SPEEDY RESOLUTION OF THEIR CURRENT NEGOTIATIONS WHICH WERE FOR AN INITIAL LOAN OF 200 MILLION. HE HAD FAVORED 300 MILLION TO BEGIN WITH, BUT ORFILA HAD RECOMMENDED NEGOTIATING FOR 200 MILLION NOW. THE REMAINING 400 MILLION WOULD BE NEGOTIATED LATER, SAID VIGNES.

8. THE FOREIGN MINISTER BELIEVED THAT IT WAS IN THE INTEREST OF THE US, ARGENTINA, AND THE HEMISPHERE TO SEE STABILITY MAINTAINED IN THIS COUNTRY. HE SAID THERE WERE STRONG PRESSURES FROM THE LEFT AIDED BY THE USSR, CUBA AND THE PRC, AS WELL AS CONFIDENTIAL

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PRESSURES FROM DOMESTIC RIGHTIST ELEMENTS WHICH WERE TRYING TO TOPPLE THE PRESENT ADMINISTRATION. IF EITHER THE LEFT OR THE RIGHT SUCCEEDED, THE SURE WINNERS WOULD BE THE LEFTISTS, BECAUSE THE ONLY WAY THE WORKERS WOULD MOVE WOULD BE TO THE LEFT. IF ARGENTINA WENT LEFTN IT WOULD PULL ALL THE OTHER NEIGHBORS IN THE SOUTERN CONE WITH IT.

10. I TOLD VIGNES THAT I KNEW THAT ARGENTINA WAS CONSIDERED

TO BE A COUNTRY THAT COULD WELL HANDLE ITS PRESENT AND FUTURE FOREIGN OBLIGATIONS. I ALSO EXPRESSED MY AGREEMENT WITH THE DIRE RESULTS THAT WOULD ENSUE IF THE CONSTITUTIONAL GOVERNMENT WAS OVERTHROWN. I ASSURED THE FOREIGN MINISTER THAT I WOULD REPORT OUR CONVERSATION, INCLUDING HIS SPECIAL APPEAL FOR URGENT FINANCIAL SUPPORT FROM THE USG DURING ARGENTINA'S NEGOTIATIONS WITH US PRIVATE BANKS.

11. COMMENT: SOON AFTER WE DEPARTED HIS OFFICE, VIGNES LEFT FOR PRIVATE CONVERSATION WITH THE PRESIDENT AT OLIVOS, AND THEN ACCOMPANIED HER ON A PERSONAL VISIT TO LOPEZ REGA IN HIS NEW REISDENCE NEARBY. VIGNES WAS HEARTY AND CONFIDENT. I BELIEVE HE HAS COME OUT OF THE CRISIS IN A STRONGER POSITION WITH THE FIRST LADY. NO DOUBT HIS CONNECTION IN WASHINGTON HELP HOLD HIM AS A DOMINANT FIGURE IN THE POORLY ASSEMBLED NEW CABINET. BEFORE LEAVING THE FOREIGN MINISTER, I INQUIRED ABOUT LOPEZ REGA AND A CLARIFICATION AS TO WHETHER HE STILL HAD ANY OFFICIAL RELATIONSHIP WITH THE PRESIDENT.

VIGNES IN HIS USUAL CLEVER STYLE SHRUGGED HIS SHOULDERS AND SAID LOPEZ REGA WAS OUT OF GOVERNMENT SERVICE, BUT YOU DO NOT DISPOSE OF A FRIEND OF OVER 15 YEARS BE THROWING HIM OUT OF THE WINDOW LIKE A RAG. I DID NOT WANT TO PRESS THE MINISTER FURTHER ABOUT THE LOPEZ REGA HENCHMEN SUCH AS CARLOS VILLONE AND JULIO MARTINEZ, WHO REMAIN CLOSE TO THE PRESIDENT. THESE REMAINING TIES WILL BE ABLY HANDLED BY THE PRESS BOTH HERE AND ABROAD.

12. EMBASSY STUDYING IMPLICATIONS OF VIGNES' REQUEST AND WILL SOON SUBMIT OUR VIEWS.

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